

Message Text

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ACTION AF-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

PRS-01 USIA-06 IO-10 FTC-01 EA-06 OPIC-03 XMB-02 /117 W

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R 241421Z DEC 74

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 6819

INFO AMEMBASSY ABIDJAN

AMEMBASSY BONN

AMEMBASSY LAGOS

AMEMBASSY LOME

AMEMBASSY NIAMEY

AMEMBASSY PARIS

C O N F I D E N T I A L COTONOU 1970

EO 11652: GDS

TAGS: EINV, PINT, PFOR, DM

SUBJ: DAHOMEAN GOVT'S INTENTIONS RE PRIVATE FOREIGN INVESTORS

REF A. COTONOU 1956 B. COTONOU 1947 C. COTONOU A-102

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SUMMARY: IN STAGED PRESS/RADIO INTERVIEW DEC 21 FORNMIN
ALLADAYE DECLARED DAHOMEAN GOVT (A) INTENDS TO NEGOTIATE
SETTLEMENT WITH FOREIGN COMPANIES WHOSE LOCAL INTERESTS IT
TOOK OVER EARLY THIS MONTH (B) CONSIDERED TAKE-OVERS NECESSARY
BECAUSE PROFITS OF INTERESTS CONCERNED WERE NEEDED TO FINANCE
NATIONAL DEVELOPMENT (C) APPRECIATES SENSE OF "FAIR PLAY"
SHOWN BY COUNTRY'S "PARTNERS AND FRIENDS" AFTER TAKE-OVER
MEASURES WERE ANNOUNCED AND (D) ENVISAGES MAJOR FUTURE ROLE FOR
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PRIVATE INVESTMENT, BOTH DOMESTIC AND FOREIGN. END SUMMARY

1. IN A STAGED PRESS/RADIO INTERVIEW ON 21 DEC, FORNMIN ALLADAYE DECLARED THAT MRGD INTENDS TO NEGOTIATE SETTLEMENT WITH ITS "EX-PARTNERS" INVOLVED IN TAKE OVERS EARLY THIS MONTH. HE ONLY MENTIONED THE PETROLEUM COMPANIES IN PASSING, WHILE DEALING AT LENGTH WITH THE BANKS. FOLLOWING SPECIFIC POINTS WERE MADE.

2. NATIONALIZATION ACTIONS WERE NOT REVOLUTIONARY, EXTREMIST OR EXCESSIVE. MANY NON-REVOLUTIONARY COUNTRIES IN WEST AFRICA AND ELSEWHERE HAVE LONG SINCE TAKEN SIMILAR MEASURES.

3. ADDRESSING HIMSELF TO LOCAL OPPONENTS OF THE MEASURES: "IT IS EDIFYING TO NOTE THAT THE QUALIFIED REPRESENTATIVES OF THE FINANCIAL INSTITUTIONS AND COUNTRIES AFFECTED BY THESE MEASURES HAVE REMAINED SERENE AND CALM. THIS SHOULD SHOW YOU THAT, IN FACT, THE RESPONSIBLE OFFICIALS CONCERNED UNDERSTAND QUICKLY. THEY HAVE INDEED UNDERSTOOD WELL THE SCOPE, AIM AND MERITS, AND I STRESS THE TERM 'MERITS' OF THE MEASURES IN QUESTION, MEASURES WHICH THEY THEMSELVES HAVE ALREADY TAKEN IN THEIR OWN COUNTRIES AND IN THE INTEREST OF THEIR PEOPLE..."

4. "IT IS NOT FOR THE SIMPLE PLEASURE OF HAVING STATE BANKS, STATE INSURANCE COMPANIES, OR STATE-RUN PETROLEUM COMPANIES THAT THE NATIONAL POLITICAL BUREAU AND THE MRGD TOOK THESE MEASURES...IT IS SIMPLY BECAUSE THEY ARE PROFITABLE COMMERCIAL ACTIVITIES WHICH THE DAHOMEAN STATE NEEDS TO FINANCE ITS DEVELOPMENT, JUST AS THE GERMAN, FRENCH, ITALIAN AND AMERICAN GOVERNMENTS DO." THE MINISTER THEN REFERRED TO "PROFIT-MAKING STATE-OWNED "BANKS" IN THE WEST, CITING US EXIM, DEUTSCHE BANK, BANCA ITALIANA (SIC) AND SOCIETE GENERALE.

5. HE SAID TO "OUR PARTNERS AND FRIENDS AFFECTED BY THE RECENT MEASURES, THE DAHOMEAN GOVT IS HIGHLY APPRECIATIVE OF THE FAIR PLAY THEY SHOWED AFTER THE MEASURES WERE ANNOUNCED. THIS ATTITUDE SHOWS THE READINESS TO WORK WITHIN THE FRAMEWORK OF COOPERATION OUTLINED BY OUR PEOPLE...I ENCOURAGE THEM TO CONTINUE TO BE THIS WAY, IN ORDER THAT OUR RELATIONS ALWAYS REMAIN EXCELLENT AND MUTALLY BENEFICIAL.

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6. WITH REFERENCE TO SOCIETE DAHOMEENNE DE BANQUE AND BANQUE DAHOMEENNE DE DEVELOPPEMENT, "THE DAHOMEAN GOVT DOES NOT INTEND TO ROB ANYONE. WE ARE HONEST PEOPLE, STRUGGLING NOT TO BE ROBBED. WE ARE NOT STRUGGLING TO ROB OTHERS. NEGOTIATIONS WILL BE HELD WITH A VIEW TO INDEMNIFYING OUR EX-PARTNERS."

7. PRIVATE INVESTMENT, BOTH DOMESTIC AND FOREIGN, WILL HAVE A MAJOR PLACE IN DAHOMEY. SOCIALIST SOCIETY ENVISAGED BY MRGD

IS ONE IN WHICH STATE WILL CONTROL ALL OF THE "MAJOR" MEANS OF PRODUCTION. SOCIALIST SOCIETY WILL NOT BE CREATED OVERNIGHT. WHEN IT DOES COME INTO BEING, DAHOMEY WILL KNOW HOW TO RESPECT ITS COMMITMENTS.

8. FULL TEXT OF INTERVIEW, WITH ENGLISH TRWNSLATION AND OUR FURTHER COMMENTARY, WILL BE TRANSMITTED BY AIRGRAM IN NEXT POUCH.

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9. COMMENT: INTERVIEW WAS PROBABLY INTENDED SERVE MANIFOLD PURPOSES AS (A) A RESPONSE TO DEMARCHE BY FRENCH, FRG AND AMERICAN AMBASSADORS CALLING ATTENTION TO DAHOMEY'S OBLIGATIONS UNDER INTERNATIONAL LAW TO PAY JUST COMPENSATION TO COMPANIES WHOSE INTERESTS WERE NATIONALIZED, (B) AN EXPRESSION, TO POTENTIAL FOREIGN INVESTORS, OF INTENTION TO PROVIDE SATISFACTORY INVESTMENT CLIMATE, (C) AN IMPLIED MESSAGE TO REMAINDER OF LOCAL EXPATRIATE BUSINESS COMMUNITY THAT OTHER FIRMS WILL NOT SOON BE NATIONALIZED, AND (D) A REPLY TO DOMESTIC DAHOMEAN OPPONENTS OF THE "RADICALIZED REVOLUTION".

10. IN PAST SEVERAL DAYS, FEELING HAS BEGUN TO DEVELOP AMONG CLOSE OBSERVERS HERE THAT, IN LIGHT OF BEHANZIN'S DESAPPEARANCE, THE DISAPPEARANCE, THE FAILURE OF KEREKOU TO MENTION MARX OR LENIN RECENTLY, AND THE MODERATION OF ALLADAYE'S STATEMENT, THE RUSH HEADLONG TOWARD EXTREME "RADICALIZATION" HAS SLOWED DOWN, PERHAPS ALMOST TO A HALT.

11. NEXT TIME WE SEE ALLADAYE WE WILL NOTE INACCURACIES RE US IN HIS REMARKS (FRG AMB HAS ALREADY SENT FIRM NOTE PROTEST-
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